

## Message Text

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61

ACTION XMB-07

INFO OCT-01 NEA-14 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SP-03 CIEP-02

LAB-06 SIL-01 OMB-01 DOTE-00 DRC-01 /092 W

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R 051225Z JUN 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 6735

INFO USDOC WASHDC

UNCLAS TEHRAN 4594

DEPT PLEASE PASS EXIM BANK

USDOC - FOR MAJOR PROJECTS DIVISION

E.O. 11652: N/A

TAGS: EFIN, EIND, IR

SUBJ: MINISTRY OF ROADS INTEREST IN EXIM BANK

1. ECONCOUNSELOR CALLED ON MINISTER OF ROADS TO DISCUSS EXIM FINANCING METHODS AND INTEREST RATES. MINISTRY HAS A NUMBER OF PURCHASES FIRM OR IN PROSPECT FOR WHICH EXIM FINANCING MIGHT BE SOUGHT.

2. MINISTRY OF ROADS HAS RECENTLY ORDERED 60 LOCOMOTIVES FROM GENERAL MOTORS. EXIM FINANCING HAS BEEN FIRMED UP ON THIS PORTION OF THE BUY. MINISTER, HOWEVER, IS ASKING GM TO PROVIDE 14 ADDITIONAL LOCOMOTIVES HOPEFULLY UNDER THE SAME TERMS AND CONDITIONS. HE WAS INFORMED THAT EXIM'S BASIC INTEREST RATE HAD BEEN INCREASED TO SEVEN PERCENT AND THAT IT WAS UNLIKELY THAT EXIM WOULD AGREE TO BLANKETING IN THE ADDITIONAL 14 ENGINES AT THE OLD SIX PERCENT INTEREST RATE. HOWEVER, HE WAS ADVISED TO SEEK GM'S ASSISTANCE IN ASCERTAINING THE PRECISE TERMS AND CONDITIONS FROM EXIM DIRECTLY.

3. MINISTRY OF ROADS PLANS TO ACQUIRE \$60 TO \$100 MILLION WORTH OF HEAVY ROAD CONSTRUCTION MACHINERY IN THE VERY NEAR FUTURE. MOST

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OF IT WILL BE US ORIGIN. ECONCOUNS INFORMED MINISTER THAT EXIM

BANK WOULD BE RECEPTIVE TO A REQUEST FOR FINANCING.

4. ELECTRIFICATION OF IRANIAN RAILROADS IS A PROJECT WHICH THE MINISTRY PLANS TO INAUGURATE AS SOON AS POSSIBLE. FOR THE FIRST SECTOR, TEHRAN-AHWAZ, HE HAS IDENTIFIED ONE FRENCH AND ONE JAPANESE CONSORTIUM TO COMPETE FOR THE PROJECT. HOWEVER, FOR THE REMAINDER OF THE ELECTRIFICATION OF IRANIAN RAILROADS, HE EXPECTS TO GO TO INTERNATIONAL TENDER, INCLUDING US FIRMS. GOI DOES NOT PLAN TO FINANCE THE PRELIMINARY STUDIES FOR PROJECT DEVELOPMENT FOR OTHER THAN THE SUCCESSFUL BIDDER. EXIM'S PROGRAM FOR FINANCING FEASIBILITY AND ENGINEERING STUDIES WAS DESCRIBED TO THE MINISTER WITH THE THOUGHT THAT HE MIGHT BE PERSUADED TO INCLUDE AMERICAN FIRMS IN THE PRESENT PROJECT. ALTHOUGH HE PROMISED TO CONSIDER THE POSSIBILITY, HE WAS VERY CLEAR THAT HIS COMMITMENTS TO THE FRENCH AND JAPANESE WERE SUCH THAT HE PROBABLY COULD NOT ADD ANOTHER NATIONAL GROUP TO THE COMPETITION.

5. IN CONNECTION WITH WHITE TRUCK CO SALE OF 2,000 TRUCKS AND 6,000 TRAILERS TO THE MINISTRY OF ROADS, THE MINISTER ASKED WHETHER EXIM WOULD BE WILLING TO FINANCE THAT AS WELL AS ANY FOLLOW-ON SALES FROM THE US. HE WAS INFORMED THAT OF COURSE EXIM WOULD BE WILLING TO CONSIDER THE REQUEST FOR FINANCING. (FYI, WE UNDERSTAND THAT THE MINISTRY HAS THE FUNDS ALLOCATED TO COVER THE FIRST ACQUISITION FROM WHITE BUT LETTERS OF CREDIT HAVE NOT YET BEEN OPENED.)  
HELMS

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## Message Attributes

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